Weekly Economic Review

Job creation pauses in Alberta

Labour Market

Employment edges down

Job creation in Alberta has paused over the past two months, with employment edging slightly lower in April (-2,900) following basically no change in March (-900). This comes after exceptionally strong growth in the second half of 2013 and early 2014. Alberta has accounted for nearly half of the jobs created in Canada over the last year, while leading all provinces with a 3.3% increase in employment.

The unemployment rate indicates strong but balanced conditions in Alberta's overall labour market. The unemployment rate last month dipped to 4.7%, as the labour force decline was larger than the minor job loss. Alberta's unemployment rate has stayed in the 4.2% to 5.1% range in every month since April 2012, with steady inflows of migrants helping to fill job vacancies. Alberta has the second lowest unemployment rate after Saskatchewan's 3.4%.

The Canadian labour market continues to disappoint as 28,900 jobs were shed last month, erasing most of March's gains. Year-over-year employment growth fell to 0.8%. Since August Canada has added just 34,200 jobs.

International Goods Exports

Higher prices aid energy exports

The value of Alberta's international merchandise exports grew 18.6% y/y in March to $10.3 billion, driven by continued stellar growth in energy products. Total energy exports grew 25.9% y/y, driven by a 101% increase in the national export price of natural gas, as well as a 10.9% increase in crude oil export prices (Chart 2). Lower export prices continue to negatively affect farm, fishing, and intermediate food products, with exports falling 3.0% from March 2013. Basic & industrial chemical, plastic and rubber products continued to rally, up 6.8% y/y. Year-to-date, the total value of exports have increased 16.0%.

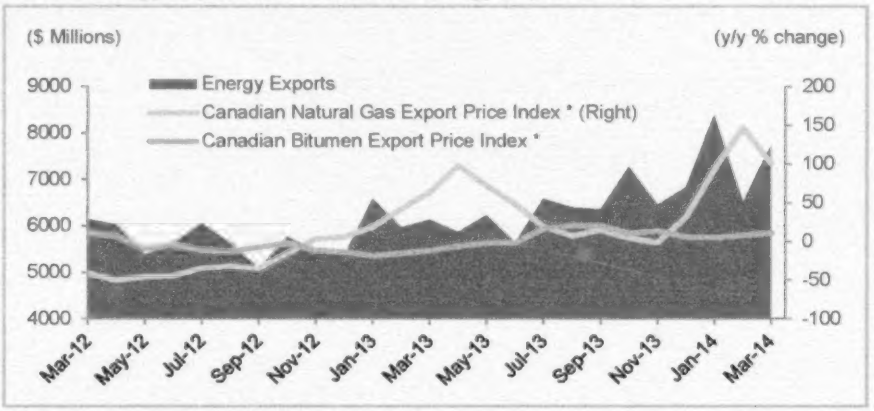
Chart 1: Employment levels off after a steep run-up in late 2013, early 2014

Alberta Employment

Source: Statistics Canada

Chart 2: Energy prices drive export gains

Alberta Energy Exports and Canadian Energy Export Prices



Source: Statistics Canada

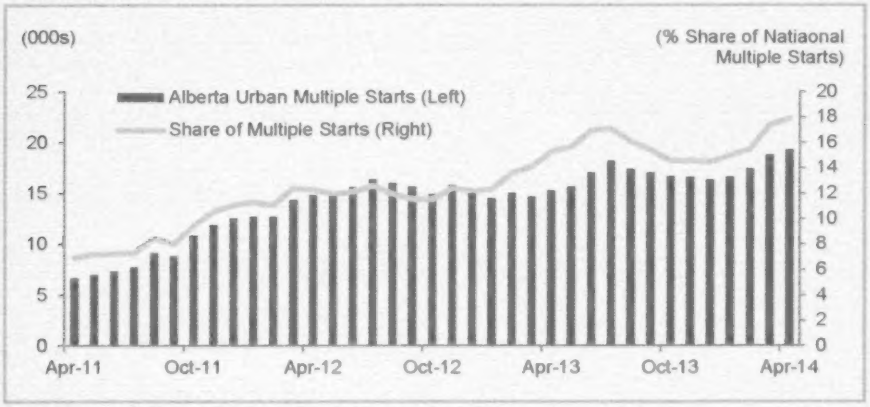
Housing Starts

Housing starts hold steady

Alberta housing starts stayed elevated at 39,734 SAAR in April, unchanged from March and a meager 0.6% increase from the same month last year. The flat reading in starts was primarily the result of a decline in single-unit housing starts, which offset a build-up in multiple-unit starts.

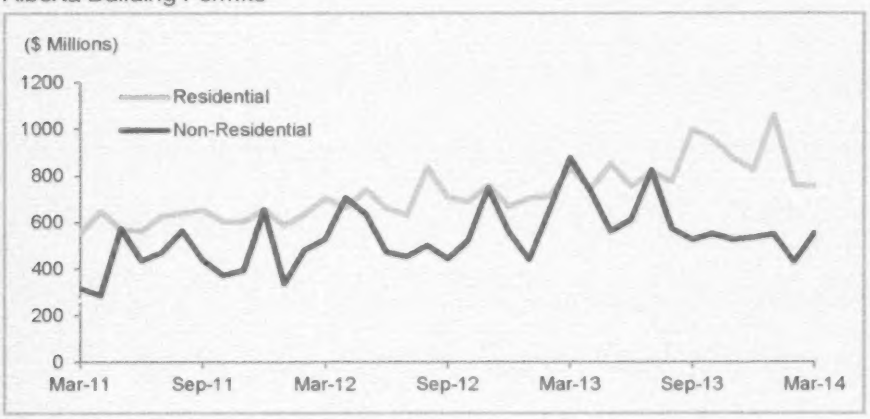
At the national level, housing starts reached 194,809 SAAR, an increase of 9.7% y/y. Starts were buoyed by urban multiple-unit (+24.9% y/y) starts, mostly in Ontario, but Alberta also contributed. Alberta's share of Canada's multiple-unit urban housing starts has increased steadily over the past four years (Chart 3).

Chart 3: Alberta accounts for a rising share of national multiple-unit starts
Alberta Multiple-Unit Housing Starts



Source: CMHC; SAAR 6-month moving average

Chart 4: Permit activity concentrated in the residential sector
Alberta Building Permits



Source: Statistics Canada

Building Permits

Permits rebound

The total value of building permits was $1.3 billion in March, up 10.2% over February. Growth was spurred by strong non-residential permits (+29.2%), and in particular commercial permits which increased 35.0% to $413 million. Residential permit values remained relatively flat in March, but fell 9.4% year-over-year, mainly as a result of lower permit values in Calgary. Despite the March decline, the value of Alberta residential permits through the first three months of 2014 was up 14.5% over the same period last year (Chart 4).

National permit values in March fell 3.0% compared with a month earlier, with broad weakness in non-residential permits, most notably institutional (-31.3%). Monthly growth in non-residential permit values was only noted in four provinces, led by Alberta, which accounted for the majority of the growth nationally.

New Housing Price Index

Fastest price growth in 6 years

Alberta's new home price index (NHPI) continues to accelerate, rising 3.5% in March over the same month last year. The increase was largely due to the housing component (+4.3%), while land prices posted a more modest gain (+1.9%). Year-over-year price growth has diverged in the province's two main cities, with prices in Calgary up 7.5%, while Edmonton edged down 0.1%. Alberta's new home prices continue to accelerate at a time when national price growth is subsiding (1.6% y/y in March), as demand for Alberta housing is supported by strong in-migration.

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.